

**IOWA LAKES COMMUNITY COLLEGE  
INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION  
SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS  
JUNE 30, 2009**

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**IOWA LAKES COMMUNITY COLLEGE  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
(Term of October 1, 2008 to September 30, 2009)		
Jack Tatman	President	2009
Jan Lund	Vice President	2011
Howard Kyle	Trustee	2011
Lynn Kueck	Trustee	2009
Jim Miller	Trustee	2011
Patrick Kibbie	Trustee	2009
Susan Zulk	Trustee	2011

**Community College**  
(As of June 30, 2009)

Valerie Newhouse	President
Thomas Brotherton	Executive Dean of Emmetsburg Campus
Jane Campbell	Executive Director of Marketing
Julie Carlson	Dean of Students
Judith Cook	Executive Dean of Instruction and Development
Delaine Hiney	Executive Director of Facilities Management
Robert L'Heureux	Chief Financial Officer
Clark Marshall	Executive Director of Continuing Education & Economic Development
Darin Moeller	Executive Dean of Estherville Campus
Jolene Rogers	Executive Director of Institutional Advancement

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Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

We have audited the accompanying financial statements and its aggregate discretely presented component units, listed as exhibits in the table of contents of this report, of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2009. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Lakes Community College at June 30, 2009, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2010, on our consideration of Iowa Lakes Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis, budgetary comparison information, and Schedule of Funding Progress for the Retiree Health Plan on pages 3 through 8 and 31 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Iowa Lakes Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the seven years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 13, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 11, 2010

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **FOR THE YEAR ENDED JUNE 30, 2009**

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This section of Iowa Lakes Community College's annual financial report presents a discussion and analysis of the financial performance of the college during the fiscal year ended June 30, 2009, with comparative information presented for the fiscal year ended June 30, 2008. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with the financial statement and notes. The financial statements, notes, and this discussion are the responsibility of management.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

#### **REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

##### **The Statement of Net Assets**

The Statement of Net Assets presents the financial position of the college at the end of the fiscal year and includes all assets and liabilities of the college. The difference between total assets and total liabilities – net assets – is an indicator of the current financial condition of the college. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historic cost less allowance for depreciation.

Net assets are divided into three major categories. The first category, invested in capital assets, net of related debt, provides the college's equity in property, plant and equipment owned by the college. The next asset category is restricted net assets, which is divided into two categories, nonexpendable and expendable. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are available for expenditures by the college but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose of the institution.



## Net Assets

	June 30, 2009	June 30, 2008
Current and Other Assets	\$ 18,115,912	\$ 16,728,384
Capital Assets, Net of Accumulated Depreciation	28,675,745	28,476,531
Total Assets	<u>46,791,657</u>	<u>45,204,915</u>
Current Liabilities	10,910,198	10,509,153
Non-current Liabilities	8,416,732	8,216,864
Total Liabilities	<u>19,326,930</u>	<u>18,726,017</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	23,915,745	23,321,531
Restricted		
Non-Expendable	1,000,000	1,000,000
Expendable	1,005,074	1,341,705
Unrestricted	1,543,908	815,662
Total Net Assets	<u>\$ 27,464,727</u>	<u>\$ 26,478,898</u>

- Current Assets increased by \$1,388,000. There were a number of categories which recorded substantial changes from the previous year. Those which had substantial increases were: Cash and Investments - \$2,122,000, Receivables - \$414,000, Due from Iowa Lakes Community College Foundation - \$139,000. Those which had a substantial decrease were: Inventories - \$81,000 and Due from Other Governments - \$43,000.
- Non-current assets decreased \$671,000. Capital Assets increased by \$199,000 and two categories decreased: Pooled Investments - \$1,205,000 and Deferred Compensation - \$15,000.
- Total assets increased \$1,940,000.
- Current liabilities increased \$401,000.
- The non-current liabilities had an increase of \$200,000.
- The change in Total Net Assets for the year was an increase of \$1,339,000. The major changes were: increases in Unrestricted Funds of \$728,000 and Invested in Capital Assets of \$594,000 and a decrease in Expendable of \$333,000.

## The Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets present the operating results of the college, as well as the non-operating revenues and expenses. Annual state general aid appropriations, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

### Changes in Net Assets

	Year Ended June 30, 2009	Year Ended June 30, 2008
Revenues:		
Operating Revenues:		
Tuition and Fees net of scholarships	\$ 6,007,169	\$ 5,664,197
Federal Appropriations	5,961,190	5,193,565
Iowa Industrial New Jobs Training Program	728,455	1,306,979
Gifts & Grants	651,753	1,862,729
Auxiliary Enterprises	5,023,911	4,735,094
Miscellaneous	2,455,249	2,278,226
Total Operating Revenues	20,827,727	21,040,790
Total Operating Expenses	33,435,791	32,915,816
Operating Loss	(12,608,064)	(11,875,026)
Non-Operating Revenues (Expenses)		
State Appropriations	9,977,097	10,486,612
Property Taxes	3,260,386	2,862,695
Donated Capital Assets	513,300	-
Interest Income from Investments	315,037	419,717
Interest Income from Student Loans	195	662
Gain/(Loss) on Sale of Capital Assets	(4,905)	(10,822)
Interest on Indebtedness	(467,217)	(496,529)
Net Non-Operating Revenues	13,593,893	13,262,335
Increase in Net Assets	985,829	1,387,309
Net assets Beginning of Year	26,478,898	25,091,589
Net Assets Ending of Year	\$ 27,464,727	\$ 26,478,898

The increase in net assets for FY 09 was \$986,000 compared to \$1,387,000 for the previous year.

### Revenues

- There was a decrease in operating revenues of \$213,000. Categories which increases were: Tuition and Fees by \$343,000, which was a change from the previous year, where we saw a decrease in Tuition and Fees from FY 07, Federal Appropriations by \$768,000, Auxiliary Enterprises by \$289,000, and Miscellaneous by \$177,000. Categories which decreased were: Gifts and Grants by \$1,211,000 and Iowa Industrial New Jobs Training Program by \$579,000.

### Non-Operating Revenues (Expenses)

- The net Non-operating revenue increased by \$332,000. Categories of increases were: Property Taxes by \$398,000, Donated Capital Assets by \$513,000. Categories of decreases were: State Appropriations by \$510,000 and Interest Income from Investments by \$105,000.

## Operating Expenses

	Year Ended June 30, 2009	Year Ended June 30, 2008
Education and Support:		
Liberal Arts and Sciences	\$ 6,252,697	\$ 6,163,215
Vocational Technical	4,119,445	3,983,112
Adult Education	813,259	811,603
Cooperative Services	1,557,901	2,094,729
General Administration	2,547,986	2,495,687
Student Services	1,676,399	1,560,520
Learning Resources	1,359,353	1,418,116
Physical Plant	1,645,654	1,756,808
General Institution	6,471,485	5,912,661
Sub-total	<u>26,444,179</u>	<u>26,196,451</u>
Auxiliary Enterprises	4,923,667	5,024,550
Scholarships and Grants	605,068	368,219
Administrative and Collection Costs	2,572	1,148
Depreciation Expense	1,460,305	1,325,448
Total	<u><u>\$ 33,435,791</u></u>	<u><u>\$ 32,915,816</u></u>

### Operating Expenses

- Operating expenses increased by \$520,000 from the previous year which is an increase of 1.58%.
- The college's functional areas include Liberal Arts and Sciences, Vocational Technical, Adult Education, Cooperative Services, General Administration, Student Services, Learning Resources, Physical Plant and General Institutional. The college's utilization of funds by functional area demonstrates its financial commitment to its basic mission and defines the scope of instructional programs and support services. These functional area expenses increased by .95% from the previous year, which is a drastic reduction from previous years. Typically the increases have been in the 8 – 9% range.

### The Statement of Cash Flows

The Statement of Cash Flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the college's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

### Cash Flows

	Year Ended June 30, 2009	Year Ended June 30, 2008
Cash and Pooled Investments Provided (Used) by:		
Operating Activities:		
Revenues	\$ 21,539,905	\$ 21,774,559
Expenditures	<u>32,047,477</u>	<u>32,128,452</u>
Net Operating Activities	(10,507,572)	(10,353,893)
Non-Capital Financing Activities	12,940,663	14,094,894
Capital and Related Financing Activities	(2,103,885)	(4,853,088)
Investing Activities	<u>1,427,947</u>	<u>1,750,949</u>
Net Increase/(Decrease) in Cash and Pooled Investments	1,757,153	638,862
Cash and Pooled Investments at Beginning of Year	4,985,671	4,346,809
Cash and Pooled Investments at End of Year	<u><u>\$ 6,742,824</u></u>	<u><u>\$ 4,985,671</u></u>

- There was a change in Net Cash (Used) by Operating Activities in the amount of \$153,700, expenses over revenues. Both Operating Revenues and Operating Expenses were down by \$234,700 and \$81,000, respectively from the previous year. Both of these were closer to the previous year's operations than in previous years. For several years there were several millions of dollars difference in both revenues and expenses, when compared to the previous year.
- There was a decrease in Cash Flows from Non-Capital Financing Activities in the amount of \$1,154,000. State appropriations decreased \$510,000 and property taxes increased \$398,000. There was a decrease in Certificates Issued for Iowa Industrial New Jobs Training projects in the amount of \$800,000. Principal paid on debt increased by \$180,000.
- There was a major reduction in Cash Flows from Capital and Related Financing Activities from the previous year in the amount of \$2,749,000. Most of this comes from the decrease in purchases of capital assets which was \$2,342,000. There was also an increase from Proceeds from New Debt Issued in the amount of \$360,000, which was from a USDA 10-year, interest free loan, to finance the construction of the Wind Turbine and Technology building.
- There was not a significant change in the total of Cash Flows from Investing Activities. But there was a significant reduction in both the sale and purchase of investments for the year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, the College had approximately \$45.2M invested in capital assets, without applying an accumulated depreciation of approximately \$16.6M. The net of depreciation value is an increase of 0.7% or \$199,000 from a year ago. Depreciation charges totaled \$1,460,305 for fiscal year 2009. Details of capital assets are shown below:

#### Capital Assets, Net, at Year-End

	June 30, 2009	June 30, 2008
Land	\$ 1,388,941	\$ 1,388,941
Buildings	21,587,462	21,940,519
Other Structures and Improvements	2,051,247	2,197,192
Furniture and Equipment	3,153,250	2,913,115
Construction in Progress	494,845	36,764
Total Capital Assets	<u>\$ 28,675,745</u>	<u>\$ 28,476,531</u>

The financial reports presented in the Management's Discussion and Analysis show some significant changes from a year ago. The only borrowing that was done was that of Iowa Industrial New Jobs Training program, a loan from the United States Department of Agriculture and the Iowa Schools Cash Anticipation Program (ISCAP). The ISCAP funds are in place for one year and are paid prior the close of the next fiscal year. We did have an ISCAP issuance from the previous year, similar in amount, which was paid on June 30, 2009. There are offsetting investments for most of the life of ISCAP, as the proceeds are to be used in time of cash flow needs, which for Iowa Lakes would be in the months of July and August, when we have significant expenses with little revenues. We entered into an agreement to construct an addition to our Wind Turbine and Technology Program building on our Estherville campus, with completion to be done by early fall. More detailed information about the college's capital assets is presented in Note 6 to the financial statements.

## Long-Term Debt

At June 30, 2009, the College had \$10.753M in debt outstanding. The table below summarizes debt balance for two fiscal years by category.

### Outstanding Debt

	Year Ended June 30, 2009	Year Ended June 30, 2008
Certificate Payable	\$ 4,150,000	\$ 4,420,000
Bonds & Capital Loan Notes Payable	4,760,000	5,155,000
ISCAP Warrants	1,843,000	1,688,000
Total	<u>\$ 10,753,000</u>	<u>\$ 9,575,000</u>

More detailed information about the College's outstanding debt is presented in Notes 4 and 7 to the financial statements.

## ECONOMIC FACTORS

Iowa Lakes Community College finds itself in an economic situation similar to a lot of businesses. In reviewing the previous 2 years, we might have hit our low level during the last fiscal year. Unlike the decline in our unrestricted fund net assets from FY 07 to FY 08, which declined, we showed an increase of \$728,000 from FY 08 to FY 09. We have a balance of \$1.5M for the unrestricted fund at the end of FY 09 compared to a balance of \$816,000 at the end of FY 08. Measures were taken by the administration during FY 09 to strengthen the financial condition of the college. Other financial situations are closely aligned with that of the financial condition of the State of Iowa. Listed below are some challenges which we will face:

- State General Aid is of concern. The financial condition of the state has a bearing on the financial condition of the college. If state tax receipts for the state are not in line with anticipated receipts, deductions in state general aid is a very real possibility. During FY 09 the state reduced our state general aid by 1.5%. The state decreased funding for community colleges in Iowa for FY 10 from \$180 for FY 09 to \$158M for FY 10. To backfill this loss the state gave community colleges \$25M in federal stimulus funds for FY 10. Then in October the community colleges received a reduction of 10% in state general aid which amounted to \$16M. What this means for Iowa Lakes is that we were to receive in FY 10, prior to the 10% cut, \$7.841M compared to \$8.910M for FY 09, which was a decrease of \$1.069M. We lost \$784,000 from the 10% reduction. We did receive \$1.265M in federal stimulus funds for FY 10. We do not know what is in store for us for FY 11.
- Facilities will require constant maintenance and upkeep.
- There was an increase in enrollment for FY 09 compared to FY 08. We hope that the downward trend is over. For fiscal year 10 we have seen a double digit percentage increase in enrollment. This has had a positive effect on the financial picture of the college, in light of the decline of state general aid.

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Lakes Community College, 19<sup>th</sup> South 7<sup>th</sup> Street, Estherville, IA 51334.

## **Basic Financial Statements**

**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	<u>Primary Government</u>	<u>Component Units</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments:		
Cash and Cash Equivalents	\$ 6,742,824	\$ 867,985
Pooled Investments	985,530	1,212,304
Endowment Investments	600,000	-
ISCAP Investments - Restricted	1,836,504	-
Receivables:		
Due from Others, net of Allowance for Uncollectible		
Accounts of \$315,689	1,165,967	-
Accrued Interest	36,894	9,766
Property Tax - Succeeding Year	3,492,000	-
Nursing Loans	5,657	-
Iowa Industrial New Jobs Training Program	526,011	-
Due From Iowa Lakes Community College Foundation	139,175	-
Due From Other Governments	784,793	-
Inventories	522,271	-
Prepaid Expenses	180,014	-
Total Current Assets	<u>17,017,640</u>	<u>2,090,055</u>
Noncurrent Assets		
Pooled Investments	644,805	1,003,790
Endowment Investments	400,000	-
Deferred Compensation	53,467	-
Capital Assets		
Land	1,388,941	17,000
Construction in Progress	494,845	-
Buildings	33,050,025	-
Other Structures and Improvements	3,195,290	72,635
Furniture and Equipment	7,163,288	-
Accumulated Depreciation	<u>(16,616,644)</u>	<u>(72,635)</u>
Total Noncurrent Assets	<u>29,774,017</u>	<u>1,020,790</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 46,791,657</u></u>	<u><u>\$3,110,845</u></u>

**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2009**

	Primary Government	Component Units
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 387,314	\$ 9,410
Salaries and Benefits Payable	597,638	-
Deferred Compensation	53,467	-
Accrued Interest	38,692	-
ISCAP Warrants Payable	1,843,000	-
Deferred Revenue:		
Succeeding Year Property Tax	3,492,000	-
Other	738,089	-
Compensated Absences Payable	94,204	-
Early Retirement Payable	486,866	-
Deposits Held in Custody for Others	785,640	-
Due to Others	17,079	-
Due to Iowa Lakes Community College	-	139,175
Reported and Unreported Insurance Claims Payable	821,209	-
Certificates Payable	765,000	-
Bonds and Other Long-Term Debt	790,000	-
Total Current Liabilities	10,910,198	148,585
Noncurrent Liabilities		
Deferred Revenue - Other	528,455	-
Early Retirement Payable	527,383	-
Certificates Payable	3,385,000	-
Bonds and Other Long-Term Debt	3,970,000	-
Net OPEB Liability	5,894	-
Total Noncurrent Liabilities	8,416,732	-
<b>TOTAL LIABILITIES</b>	<b>19,326,930</b>	<b>148,585</b>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	23,915,745	17,000
Restricted:		
Nonexpendable:		
Endowment	1,000,000	2,368,455
Expendable:		
Scholarships	488,048	576,805
Loans	15,046	-
Debt Service	155,271	-
Cash Reserve	286,030	-
Other	60,679	-
Unrestricted	1,543,908	-
<b>TOTAL NET ASSETS</b>	<b>\$ 27,464,727</b>	<b>\$ 2,962,260</b>

See Accompanying Notes to Financial Statements



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**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2009**

	Primary Government	Component Units
<b>REVENUES</b>		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$ 3,327,110	\$ 6,007,169	\$ -
Federal Appropriations	5,961,190	-
Iowa Industrial New Jobs Training Program	728,455	-
Gifts and Grants	651,753	759,716
Auxiliary Enterprises Revenue, net of scholarship allowances of \$831,016	5,023,911	-
Miscellaneous	2,455,249	139,495
Total Operating Revenues	20,827,727	899,211
<b>EXPENSES</b>		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	6,252,697	-
Vocational Technical	4,119,445	-
Adult Education	813,259	-
Cooperative Services	1,557,901	-
General Administration	2,547,986	-
Student Services	1,676,399	-
Learning Resources	1,359,353	-
Physical Plant	1,645,654	-
General Institution	6,471,485	-
Auxiliary Enterprises	4,923,667	-
Scholarships and Grants	605,068	239,638
Administrative and Collection Costs	2,572	33,377
Services, Materials and Cost of Goods Sold	-	173,696
Depreciation Expense	1,460,305	-
Total Operating Expenses	33,435,791	446,711
Operating Income (Loss)	(12,608,064)	452,500
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	9,977,097	-
Property Taxes	3,260,386	-
Gifts from Iowa Lakes Community College Foundation	513,300	-
Interest Income from Investments	315,037	86,623
Interest Income from Student Loans	195	-
Gifts to Iowa Lakes Community College	-	(513,300)
Loss on Sales of Capital Assets	(4,905)	-
Interest on Indebtedness	(467,217)	-
Net Non-Operating Revenues	13,593,893	(426,677)
Increase in Net Assets	985,829	25,823
Net Assets Beginning of Year	26,478,898	2,936,437
Net Assets End of Year	\$ 27,464,727	\$ 2,962,260

See Accompanying Notes to Financial Statements

**IOWA LAKES COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2009**

**Cash Flows from Operating Activities:**

Tuition and Fees	\$ 9,713,413
Grants and Contracts	6,629,717
Iowa Industrial New Jobs Training Program	728,455
Payments to Employees	(18,922,043)
Payments to Suppliers	(12,680,074)
Payments to NJTP Recipients	(445,360)
Collection of Loans to Students	648
Auxiliary Enterprise Net Activity	490,803
Other Receipts	<u>3,976,869</u>

Net Cash (Used) by Operating Activities (10,507,572)

**Cash Flows from Non-Capital Financing Activities:**

State Appropriations	9,976,437
Property Taxes	3,260,386
Principal Paid on Debt	(895,000)
Certificates Issued	625,000
Miscellaneous Agency Fund Receipts	2,073,579
Miscellaneous Agency Fund Disbursements	<u>(2,099,739)</u>

Net Cash Provided from Non-Capital Financing Activities 12,940,663

**Cash Flows from Capital and Related Financing Activities**

Proceeds from Sale of Capital Assets	38,821
Purchases of Capital Assets	(1,151,123)
Proceeds from New Debt Issued	360,000
Principal Paid on Debt and Leases	(755,000)
Interest Paid on Debt and Leases	(574,663)
Proceeds and Interest on ISCAP Activity	2,422,576
Principal and Interest paid on ISCAP Activity	<u>(2,444,496)</u>

Net Cash (Used) by Capital and Related Financing Activities (2,103,885)

**Cash Flows from Investing Activities:**

Proceeds from Sales and Maturities of Investments	1,120,860
Purchase of Investments	(115,576)
Interest on Investments	<u>422,663</u>

Net Cash Provided by Investing Activities 1,427,947

**Net Increase in Cash**

1,757,153

**Cash at Beginning of Year**

4,985,671

**Cash at End of Year**

\$ 6,742,824

**IOWA LAKES COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2009**

**Reconciliation of Operating Loss to Net Cash****(Used) by Operating Activities:**

Operating Loss	\$ (12,608,064)
Adjustments to Reconcile Operating Loss to Net Cash (Used) by Operating Activities:	
Depreciation	1,460,305
Changes in Assets and Liabilities:	
(Increase) in Due From Others	(97,445)
(Increase) in Due From Students	(56,300)
Decrease in Nursing Loans Receivable	648
Decrease in Due From Other Governments	16,623
Decrease in Inventories	81,426
(Increase) in Prepaid Expenses	(27,052)
(Decrease) in Accounts Payable	(90,100)
(Decrease) in Salaries and Benefits Payable	(4,135)
Increase in Deferred Revenue	193,828
(Decrease) in Deposits Held in Custody	(12,378)
Increase in Early Retirement Payable	381,017
Increase in Due to Others	254,055

Total Adjustments	2,100,492
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<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (10,507,572)</b>
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**Noncash, Capital and Related Financing Activities:**

The College received donated capital assets with a fair market value of \$513,300.

**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS - COMPONENT UNITS**  
**JUNE 30, 2009**

	Iowa Lakes Community College Scholarship Foundation	Iowa Lakes Community College Foundation	Total
<b>ASSETS</b>			
Current Assets			
Cash and Investments:			
Cash and Pooled Investments	\$ 156,525	\$ 711,460	\$ 867,985
Pooled Investments	508,431	703,873	1,212,304
Receivables:			
Accrued Interest	9,766	-	9,766
Total Current Assets	674,722	1,415,333	2,090,055
Noncurrent Assets			
Pooled Investments	1,003,790	-	1,003,790
Capital Assets			
Land	-	17,000	17,000
Other Structures and Improvements	-	72,635	72,635
Accumulated Depreciation	-	(72,635)	(72,635)
Total Noncurrent Assets	1,003,790	17,000	1,020,790
<b>TOTAL ASSETS</b>	<b>\$ 1,678,512</b>	<b>\$ 1,432,333</b>	<b>\$ 3,110,845</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	9,410	-	9,410
Due to Iowa Lakes Community College	-	139,175	139,175
Total Current Liabilities	9,410	139,175	148,585
<b>TOTAL LIABILITIES</b>	<b>9,410</b>	<b>139,175</b>	<b>148,585</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	-	17,000	17,000
Restricted:			
Nonexpendable:			
Endowment	1,092,297	1,276,158	2,368,455
Expendable:			
Scholarships	576,805	-	576,805
<b>TOTAL NET ASSETS</b>	<b>\$ 1,669,102</b>	<b>\$ 1,293,158</b>	<b>\$ 2,962,260</b>

**IOWA LAKES COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - COMPONENT UNITS**  
**YEAR ENDED JUNE 30, 2009**

	<u>Iowa Lakes Community College Scholarship Foundation</u>	<u>Iowa Lakes Community College Foundation</u>	<u>Total</u>
<b>REVENUES</b>			
Operating Revenues:			
Gifts and Contributions	\$ 15,985	\$ 743,731	\$ 759,716
Sales and Service	-	77,379	77,379
Miscellaneous	-	62,116	62,116
	<u>15,985</u>	<u>883,226</u>	<u>899,211</u>
Total Operating Revenues			
	<u>15,985</u>	<u>883,226</u>	<u>899,211</u>
<b>EXPENSES</b>			
Operating Expenses:			
Scholarships	97,761	141,877	239,638
Salaries and Benefits	-	31,424	31,424
Services	-	114,509	114,509
Materials and Supplies	-	12,726	12,726
Travel	-	1,937	1,937
Cost of Goods Sold	-	46,461	46,461
Miscellaneous	-	16	16
	<u>97,761</u>	<u>348,950</u>	<u>446,711</u>
Total Operating Expenses			
	<u>97,761</u>	<u>348,950</u>	<u>446,711</u>
Operating Income (Loss)	<u>(81,776)</u>	<u>534,276</u>	<u>452,500</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest Income from Investments	69,009	17,614	86,623
Gifts to Iowa Lakes Community College	-	(513,300)	(513,300)
	<u>69,009</u>	<u>(495,686)</u>	<u>(426,677)</u>
Net Non-Operating Revenues			
	<u>69,009</u>	<u>(495,686)</u>	<u>(426,677)</u>
Increase (Decrease) in Net Assets	(12,767)	38,590	25,823
Net Assets Beginning of Year	<u>1,681,869</u>	<u>1,254,568</u>	<u>2,936,437</u>
Net Assets End of Year	<u>\$ 1,669,102</u>	<u>\$ 1,293,158</u>	<u>\$ 2,962,260</u>

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Iowa Lakes Community College is a publicly supported school established and operated by Merged Area III under the provisions of Chapter 260C of the Code of Iowa. Iowa Lakes Community College may offer programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. Iowa Lakes Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Iowa Lakes Community College maintains campuses in Estherville, Emmetsburg, Algona, Spencer and Spirit Lake, Iowa, and has its administrative offices in Estherville. Iowa Lakes Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area III.

The College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

**A. Reporting Entity**

For financial reporting purposes, Iowa Lakes Community College has included all funds, organizations, agencies, boards, commissions and authorities. Iowa Lakes Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with Iowa Lakes Community College are such that exclusion would cause Iowa Lakes Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on Iowa Lakes Community College.

These financial statements present Iowa Lakes Community College (the primary government) and its component units. The component units discussed below are included in Iowa Lakes Community College's reporting entity because of the significance of their operational or financial relationships with the Community College. Complete financial statements of the individual component units can be obtained from its administrative office.

Iowa Lakes Community College Scholarship Foundation is a non-profit corporation whose purpose is to operate exclusively for the educational purpose of receiving gifts and property and expending the same for the benefit of Iowa Lakes Community College and its students through grants, scholarships and loans. Upon dissolution of the foundation, its remaining assets will be distributed to Iowa Lakes Community College.

Iowa Lakes Community College Foundation is a non-profit corporation whose purpose is to maintain, develop, increase and extend the facilities and services of Iowa Lakes Community College and to provide broader educational service opportunities to its students, faculty, staff and residents of the geographical area.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Invested in Capital Assets, Net of Related Debt: Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

Expendable – Net assets whose use by the College is subject to externally imposed stipulations that can be fulfilled by actions of the College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statement of Net Assets, Revenues, Expenses, and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

For financial reporting purposes, Iowa Lakes Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

**D. Assets, Liabilities and Fund Equity**

The following accounting policies are followed in preparing the balance sheets:

Cash and Pooled Investments -- Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For the purposes of the statement of cash flows, all short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amount of cash, and at the day of purchase, they have a maturity date no longer than three months.



**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Due From Other Governments -- This represents state aid, grants and reimbursements due from the State of Iowa, and grants and reimbursements due from the Federal government.

Inventories -- Inventories are valued at lower of cost (first-in, first-out method) or market, except for the livestock and grain from the farm, which is valued at market value. Inventories consist of supplies and materials held for consumption, livestock and merchandise held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.

Property Tax Receivable -- Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) -- This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2009 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the College), are reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful live in excess of two years. The College defines reportable capital assets as individual assets above \$ 5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Other Structures and improvements	10 - 65
Furniture and Equipment	3 - 10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Salaries and Benefits Payable -- Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities.

Bond Interest Payable -- Interest on long-term bonded indebtedness is recorded as a liability when the interest is due.

Deferred Revenue -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuitions deposits, tuition and fees for a portion of summer classes, fees and registration for fall, and unearned revenue on 260 E and F projects.

Compensated Absences -- College employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2009.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, wellness center, farm, athletics, residence halls, aviation, parts, printing, vehicles, wind turbine, and gateway north.

Summer Session -- The Community College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the summer session class schedule.

Tuition and Fees -- Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

Operating and Non-operating Activities -- Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officer (NACUBO). Certain aid (loans and funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 2 -- CASH AND POOLED INVESTMENTS**

The College's deposits in banks at June 30, 2009, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2009, the Community College had the following investments:

Endowment Current Investments	\$ 600,000
Endowment Long-Term Investments	400,000
Current Pooled Investments	985,530
Long-Term Pooled Investments	644,805
	<u>\$ 2,630,335</u>

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Certificates of Deposit	<u>\$ 2,630,335</u>	<u>\$ 1,585,530</u>	<u>\$ 1,044,805</u>

At June 30, 2009, the Community College had the following investments in the Iowa Schools Joint Investment Trust:

Diversified Portfolio	<u>\$ 14,833</u>
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The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

The Community College had Deferred Compensation Plan investments with a carrying and market value of \$53,440, at June 30, 2009, that are not subject to risk categorization.

**Interest rate risk-** The Community College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Community College.

**Credit risk-** The College's investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

**Concentration of credit risk-** The Community College places a 5% limit on the amount that may be invested in any one user at the time of purchase.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 2 -- CASH AND POOLED INVESTMENTS (Continued)**

At June 30, 2009, the Iowa Lakes Community College Foundation had the following investments:

Current Pooled Investments		<u>\$ 703,873</u>	
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Stocks	\$ 63,076	N/A	
International Equities	198,228	N/A	
Mixed Assets	<u>442,569</u>	<u>N/A</u>	
	<u>\$ 703,873</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk- The Iowa Lakes Community College Foundation's investments in stocks consist of investment in Exxon Mobil Corp, which is rated AAA by Standard and Poor's and Wells Fargo & Co, which is rated AA- by Standard & Poor's. The international equities were given a rating of 4 by Morningstar and the mixed assets were given a rating of 1 by Morningstar.

At June 30, 2009, the Iowa Lakes Community College Scholarship Foundation had the following investments:

Current Pooled Investments		\$ 508,431	
Long-Term Pooled Investments		<u>1,003,790</u>	
		<u>\$ 1,512,221</u>	
Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Mututal Funds	\$ 177,792	N/A	
Government Securities	24,835	-	24,835
Certificates of Deposit	<u>1,309,594</u>	<u>330,639</u>	<u>978,955</u>
	<u>\$ 1,512,221</u>	<u>\$ 330,639</u>	<u>\$ 1,003,790</u>

Credit risk- The Scholarship Foundation's investment in mutual funds was given a rating of 3 by Morningstar. The government securities were rated AAA by Standard & Poor's.

**Note 3 -- DEFERRED COMPENSATION PLAN**

The Community College and one of its former College Presidents entered into an agreement to form a nonqualified deferred compensation plan, whereby the President could defer his wages into a trust, to be known as the Iowa Lakes Community College RABBI Trust. The assets of the trust shall be available as a supplemental benefit to the President once he reaches retirement age.

After the President reaches retirement age and upon termination, retirement, or death, payments of benefits shall be structured by joint agreement between Iowa Lakes Community College or its successor and the employee or beneficiary.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 3 -- DEFERRED COMPENSATION PLAN (Continued)**

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are, until made available to the participant or other beneficiary, solely the property and rights of the Community College, without being restricted to the provision of benefits under the plan, subject only to the claims of the Community College's general creditors.

The Community College is responsible for due care in managing the investments and the participant or beneficiary assumes the risk of loss from decreases in the value of plan assets. At June 30, 2009, plan assets consisted of money market accounts and certificate of deposits.

The Community College records the plan assets and the related liability to the plan participant in an agency fund.

**Note 4 -- IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP)**

The Community College participates in the Iowa School Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants which mature as noted below. The warrant sizing of each participating entity is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity and monthly statements are provided regarding their cash balance, interest earnings, and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. These accounts are reflected as restricted assets on the statement of Net Assets. A summary of the Community College's participation in ISCAP as of June 30, 2009 is as follows:

Series	Warrant Date	Final Warrant Maturity	Investments	Accrued Interest Receivable	Warrants Payable	Accrued Interest Payable
2009-10A	6/25/2009	6/23/2010	\$ 1,872,181	\$ 231	\$ 1,843,000	\$ 229

The Community College pledges its current unrestricted fund receipts as security for warrants issued. Repayments must be made when current unrestricted fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the Community College must repay the outstanding withdrawal from its current unrestricted fund receipts. In addition, the Community College must make minimum warrant repayments on the 25th of each month immediately following the final date that the warrant proceeds may be used in an amount equal to 25% of the warrant amount.

ISCAP advance activity for the year ended June 30, 2009 is as follows:

Series	Balance Beginning of Year	Advances Received	Advances Repaid	Balance End of Year
2008-09A	\$ -	\$ 750,000	\$ 750,000	\$ -

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 4 -- IOWA SCHOOL CASH ANTICIPATION PROGRAM (ISCAP) (Continued)**

The warrants bear interest and the available proceeds of the warrants are invested at the interest rates as shown below:

Series	Interest Rates on Warrants	Interest Rates on Investments
2009-10A	2.500%	0.902%

**Note 5 -- INVENTORIES**

The Community College's inventories at June 30, 2009 are as follows:

Bookstore	\$ 310,881
Food Service	19,185
Farm	100,231
Parts Store	31,412
Other	<u>60,562</u>
	<u>\$ 522,271</u>

**Note 6 -- CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 1,388,941	\$ -	\$ -	\$ 1,388,941
Construction in Progress	36,764	494,845	36,764	494,845
Total Capital Assets Not Being Depreciated	<u>1,425,705</u>	<u>494,845</u>	<u>36,764</u>	<u>1,883,786</u>
Capital Assets Being Depreciated:				
Buildings	32,600,798	449,227	-	33,050,025
Other Structures and Improvements	3,195,290	-	-	3,195,290
Furniture and Equipment	6,422,521	757,115	16,348	7,163,288
Total Capital Assets Being Depreciated	<u>42,218,609</u>	<u>1,206,342</u>	<u>16,348</u>	<u>43,408,603</u>
Less Accumulated Depreciation for:				
Buildings	10,660,279	802,284		11,462,563
Other Structures and Improvements	998,098	145,945	-	1,144,043
Furniture and Equipment	3,509,406	512,076	11,444	4,010,038
Total Accumulated Depreciation	<u>15,167,783</u>	<u>1,460,305</u>	<u>11,444</u>	<u>16,616,644</u>
Total Capital Assets Being Depreciated, Net	<u>27,050,826</u>	<u>(253,963)</u>	<u>4,904</u>	<u>26,791,959</u>
Capital Assets, Net	<u>\$ 28,476,531</u>	<u>\$ 240,882</u>	<u>\$ 41,668</u>	<u>\$ 28,675,745</u>

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 6 -- CAPITAL ASSETS (Continued)**

Furniture and Equipment of \$12,500 is included in the Unrestricted Fund.

Construction in Progress of \$46,093 is included in the Unrestricted Fund.

On June 30, 2009, the Community College has future construction commitments of \$203,671.

Reconciliation of Investment in Capital Assets, Net of Related Debt follows:

Land	\$ 1,388,941
Buildings	33,050,025
Construction in Progress	494,845
Other Structures and Improvements	3,195,290
Furniture and Equipment	7,163,288
Accumulated Depreciation	<u>(16,616,644)</u>
Capital Assets (Net of Accumulated Depreciation)	28,675,745
Less: Bonds Payable	<u>(4,760,000)</u>
Investment in Capital Assets, Net of Related Debt	<u><u>\$ 23,915,745</u></u>

Capital Assets for Iowa Lakes Community College Foundation, a component unit, for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated:				
Land	\$ 17,000	\$ -	\$ -	\$ 17,000
Capital Assets Being Depreciated:				
Other Structures and Improvements	72,635	-	-	72,635
Less Accumulated Depreciation for:				
Other Structures and Improvements	<u>72,635</u>	<u>-</u>	<u>-</u>	<u>72,635</u>
Capital Assets, Net	<u><u>\$ 17,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,000</u></u>

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 7 -- LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Early Retirement Payable	\$ 633,232	\$ 609,473	\$ (228,456)	\$ 1,014,249	\$ 486,866
Certificates Payable	4,420,000	625,000	(895,000)	4,150,000	765,000
Bonds Payable & Other					
Long Term Debt	5,155,000	360,000	(755,000)	4,760,000	790,000
Net OPEB Liability	-	5,894	-	5,894	-
Total Primary Government	<u>\$ 10,208,232</u>	<u>\$ 1,600,367</u>	<u>\$ (1,878,456)</u>	<u>\$ 9,930,143</u>	<u>\$ 2,041,866</u>

Certificates Payable

In accordance with agreements dated between September 1, 1996 and June 30, 2009, the Community College issued certificates totaling \$9,935,000 with interest rates ranging from 3.25% to 7.90%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2009, Iowa Lakes Community College recorded \$283,095 of interest expense from the certificates payable.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 765,000	\$ 235,530	\$ 1,000,530
2011	615,000	192,168	807,168
2012	655,000	158,512	813,512
2013	600,000	121,322	721,322
2014	525,000	87,428	612,428
2015-2019	<u>990,000</u>	<u>119,225</u>	<u>1,109,225</u>
Total	<u>\$ 4,150,000</u>	<u>\$ 914,185</u>	<u>\$ 5,064,185</u>



**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 7 -- LONG-TERM DEBT (Continued)**

Bonds Payable & Other Long-Term Debt

On April 1, 1998, the Community College issued \$1,600,000 in refunding revenue bonds, as allowed by Section 260C.19 of the Code of Iowa, to advance refund the 1992 dormitory bonds and to retire a bank note secured by the Estherville four-plex used to house students. The revenue bonds and interest shall be payable from the net revenues of the College Dormitory System and other auxiliary enterprises. Principal payments are due annually on June 1 and interest payments are due semi-annually on June 1 and December 1. The bonds mature June 1, 2014. The balance of this bond issue at June 30, 2009 is \$625,000.

On May 22, 2001, Iowa Lakes Community College issued \$3,000,000 capital loan note to finance the construction of various projects, including the addition to Spirit Lake, remodel of the Spencer Campus, construction of a technology education center, and expansion of the Estherville Student Center. The capital loan is secured by the College facilities. Annual principal payments began June 1, 2003. Interest payments are due semi-annually each June and December. The capital loan note will mature June 2012. The balance of the capital loan note at June 30, 2009, was \$1,045,000.

On June 1, 2005, Iowa Lakes Community College issued \$1,200,000 of lease purchase certificates of participation to finance the purchase of Gateway North Mall. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The certificates will mature in 2017. The balance of the certificates at June 30, 2009 was \$1,045,000.

On July 1, 2005, Iowa Lakes Community College issued \$1,000,000 capital loan note to finance the purchase of equipment. Annual principal payments began June 1, 2006. Interest payments are due semi-annually each June and December. The bond will mature in 2010. The balance of the bond at June 30, 2009 was \$215,000.

On March 1, 2006, Iowa Lakes Community College issued \$1,735,000 of dormitory revenue bonds to finance the construction of residence halls in Estherville and Spencer. Annual principal payments began June 1, 2007. Interest payments are due semi-annually each June and December. The bonds will mature in 2021. The balance of the bonds at June 30, 2009 was \$1,470,000.

On November 17, 2008, Iowa Lakes Community College borrowed \$360,000 through a Rural Economic Development Grant in order to finance remodeling and expanding the existing Wind Energy and Turbine Technology center in Estherville. Monthly principal payments begin November 1, 2010. The note will mature in 2019. The balance of the note at June 30, 2009 was \$360,000.

Details of the Community College's June 30, 2009 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2010	\$ 790,000	\$ 212,399	\$ 1,002,399
2011	637,500	178,049	815,549
2012	685,000	148,495	833,495
2013	330,000	117,223	447,223
2014	350,000	103,437	453,437
2015-2019	1,662,500	288,391	1,950,891
2020-2021	305,000	21,774	326,774
Total	<u>\$ 4,760,000</u>	<u>\$ 1,069,768</u>	<u>\$ 5,829,768</u>

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 8 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

The Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% of their annual covered salary and Iowa Lakes Community College is required to contribute 6.35% of annual covered salary. Contribution requirements are established by state statute. Iowa Lakes Community College's contributions to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$352,348, \$332,480, and \$294,674, respectively, equal to the required contribution for each year.

**Note 9 -- TEACHERS INSURANCE AND ANNUITY ASSOCIATION -- COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Iowa Lakes Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.10% and Iowa Lakes Community College is required to contribute 6.35%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2009, were \$448,906 and \$289,845, respectively.

**Note 10 -- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

The College implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers or Postemployment Benefits other Than Pensions during the year ended June 30, 2009.

Plan Description- The College operates a single-employer retiree benefit plan which provides medical/prescription drug/dental benefits for retirees and their dependents under certain conditions. There are 219 active and 3 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug/dental coverage is provided through a fully-insured (or self-insured) plan. Retirees under age 65 pay the same premium for the medical/prescription drug/dental benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy- The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 10- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual Required Contribution	\$ 17,338
Interest on Net OPEB Obligation	-
Adjustment to Annual Required Contribution	-
Annual OPEB Cost	<u>17,338</u>
Expected Contributions Made	<u>(11,444)</u>
Decrease in Net OPEB Obligation	5,894
Net OPEB Obligation Beginning of Year	<u>-</u>
Expected Net OPEB Obligation End of Year	<u><u>\$ 5,894</u></u>

For the year ended June 30, 2009, the College has an expected contribution of \$11,444 to the medical plan.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 17,338	66.01%	\$ 5,894

Funded Status and Funding Progress- As of January 1, 2009, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$131,359, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$131,359.

The covered payroll (annual payroll of active employees covered by the plan) was \$8,985,390 and the ratio of the UAAL to covered payroll was 1.5%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions- Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the January 1, 2009 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial value of assets is to be equal to the fair market value of assets. The actuarial assumptions include a 4.25% investment return. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 10- OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. The salary increase rate was assumed to be 4.5% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

**Note 11 -- RISK POOL**

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omissions and School Board legal liability, workers compensation and employers liability, crime insurance and fiduciary bonds, boiler and machinery, activities involving Federal programs, student nursing programs, computer equipment, workers compensation, surety bond coverage, farm buildings, livestock and crops, student athletics, and the aviation program. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 12 -- NEW JOBS TRAINING PROGRAMS**

Iowa Lakes Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area III in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. Since inception, the Community College has administered 81 projects. Of these projects, 36 have been completed and the certificates have been paid.

Iowa Lakes Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area III in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College has administered a total of 179 retraining projects under Chapter 260F. Of these 179 projects, 10 were performed during fiscal year 2009.

**Note 13 -- SELF-FUNDED HEALTH INSURANCE PROGRAM**

During fiscal year 1995, the Community College implemented a self-funded health insurance program. Iowa Lakes Community College pays the actual claims and has a stop-loss arrangement whereby the total losses cannot exceed the contractual maximum liability with the insurer, which is \$3,831,078.

The Community College's monthly contributions to the program fund current operations and provide capital for future claims. Monthly operating contributions are those amounts necessary to fund, on a cash basis, the programs general and administrative expenses and claims. The College uses reinsurance to reduce its exposure for losses that carries an aggregate stop loss of \$70,000 per employee covered and an aggregate stop loss of 125% of total estimated claims. Claims payable include all known claims and an amount for claims that have been incurred but not reported (IBNR).

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009**

**Note 13 -- SELF-FUNDED HEALTH INSURANCE PROGRAM (Continued)**

The changes in the aggregate liabilities for claims included in Reported and Unreported Insurance Claims Payable for the year ended June 30, 2009 are as follows:

Medical Reserve Fund Balance, Beginning of Year	\$ 539,406
Claims Recognized	3,940,307
Claim Payments	<u>(3,658,504)</u>
Medical Reserve Fund Balance, End of Year	<u>\$ 821,209</u>

**Note 14 -- EARLY RETIREMENT PROGRAM**

On November 11, 2008, the Board of Trustees passed a Voluntary Early Retirement Plan. All full-time staff that were 55 years of age by July 1, 2009 and who had at least 10 years of full-time service with the Community College were eligible for early retirement remuneration. Early retirement was effective at the end of the employee's contract or a different date at the convenience of the College. A retiring employee had the opportunity of choosing between two options. The first benefit was equal to their base salary at the time of retirement. A staff member who accepted this early retirement option received total payment on July 30<sup>th</sup> or the last day of the month the participant retired, if the benefit amount was \$12,000 or less. If the retirement amount exceeded \$12,000, payment was made in two equal payments, the first payment as earlier stated, and the second payment to be issued January 30<sup>th</sup> following disbursement of the first payment. The second benefit option involved the purchase of medical insurance for the employee at the premium rate at the time of the retirement until the participant is eligible for Medicare. Subsequent annual increases in premium are the responsibility of the participant.

On September 18, 2007, the Board of Trustees also passed a Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid and no cost medical coverage to participants and spouses until age 65. At June 30, 2009 there were six participants receiving medical coverage under this plan.

On November 15, 2005, the Board of Trustees also passed a Voluntary Early Retirement Plan in which the College offered one-time cash payments, which have subsequently been paid and no cost medical coverage to participants and spouses until age 65. At June 30, 2009 there were three participants receiving medical coverage under this plan.

At June 30, 2009, there were fifteen participants receiving medical coverage under these plans, with a total liability of payments and medical coverage of \$1,014,249,. The liability is calculated based on unadjusted premium amounts to be paid over the term of each participant's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2009 was \$621,305.

**Note 15 -- SUBSEQUENT EVENT**

On January 19, 2010, the board of directors accepted and approved a bid of \$433,200 to construct the Emmetsburg Construction Technology building.

## **Required Supplementary Information**

**IOWA LAKES COMMUNITY COLLEGE  
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
BUDGET (NON-GAAP BASIS) AND ACTUAL - REQUIRED SUPPLEMENTAL INFORMATION  
YEAR ENDED JUNE 30, 2009**

<u>Funds/Levy</u>	<u>Original Budget</u>	<u>Actual</u>	<u>Variance between Actual and Budget</u>
Unrestricted	<u>\$ 22,605,050</u>	<u>\$ 22,091,806</u>	<u>\$ 513,244</u>
Restricted	9,560,000	3,957,188	5,602,812
Early Retirement	200,000	621,305	(421,305)
Unemployment	20,000	8,971	11,029
Tort Liability	307,000	205,577	101,423
Insurance	700,000	684,352	15,648
Equipment Replacement	380,000	303,395	76,605
Total Restricted	<u>11,167,000</u>	<u>5,780,788</u>	<u>5,386,212</u>
Plant	<u>4,600,000</u>	<u>2,724,337</u>	<u>1,875,663</u>
 Total	 <u><u>\$ 38,372,050</u></u>	 <u><u>\$ 30,596,931</u></u>	 <u><u>\$ 7,775,119</u></u>

See Accompanying Independent Auditor's Report

**IOWA LAKES COMMUNITY COLLEGE**  
**NOTE TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY REPORTING**  
**JUNE 30, 2009**

While the College reports financial position, results of operation and changes in net assets on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures. There were no budget amendments during the year.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

The major differences between the budget basis and GAAP are as follows:

**Schedule of Expenditures**

	<u>Total Funds</u>
Budget Basis	\$ 39,297,072
Adjustments:	
Capital Outlay	(1,158,144)
Debt Service Payments	(755,000)
Depreciation Expense	1,460,305
Loss on Sale of Asset	4,905
Scholarship Eliminations	(4,158,126)
Other Eliminations	(423,099)
GAAP Basis	<u>\$ 34,267,913</u>



**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2009**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
January 1, 2009	\$ -	\$ 131,359	\$ 131,359	0.0%	\$ 8,985,390	1.5%

See Note 10 to the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, and the funded status and funding progress.

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## **Other Supplementary Information**

**IOWA LAKES COMMUNITY COLLEGE  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
JUNE 30, 2009**

Other supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds -- The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund -- The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the Community College.

Restricted Fund -- The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds -- The Loan Funds are used to account for loans to students, and are financed primarily by the Federal government.

Endowment -- The Endowment Funds are used to account for resources, the principal of which is maintained inviolate to conform with restrictions by donors or other outside agencies. Generally, only the income from these funds may be used.

Plant Funds -- The Plant Funds are used to account for transactions relating to investment in the Community College properties, and consist of the following self-balancing subfunds:

Unexpended -- This account is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness -- This account is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant -- This account is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds -- The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

Statements presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balances is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

**IOWA LAKES COMMUNITY COLLEGE  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

**ASSETS:**

Cash and Pooled Investments:

Cash and Pooled Investments

\$ 1,391,884	\$ 5,538,798	\$ 5,220
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ISCAP Investments

1,836,504	-	-
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Deferred Compensation

-	-	-
---	---	---

Receivables:

Due from Others

938,914	182,497	4,169
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Accrued Interest

6,137	23	-
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Property Taxes - Succeeding Year

909,000	1,674,000	-
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Nursing Loans

-	-	5,657
---	---	-------

Iowa Industrial New Jobs Training Program

-	526,011	-
---	---------	---

Due From Iowa Lakes Community College Foundation

-	116,866	-
---	---------	---

Due From Other Governments

125,161	487,971	-
---------	---------	---

Inventories

521,098	-	-
---------	---	---

Prepaid Expenses

146,709	517	-
---------	-----	---

Capital Assets:

Land

-	-	-
---	---	---

Buildings

-	-	-
---	---	---

Other Structures and Improvements

-	-	-
---	---	---

Furniture and Equipment

12,500	-	-
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Construction in Progress

46,093	-	-
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Accumulated Depreciation

-	-	-
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Total Assets

<u>\$ 5,934,000</u>	<u>\$ 8,526,683</u>	<u>\$ 15,046</u>
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**SCHEDULE 1**

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ 1,000,000	\$ 628,601	\$ 169,335	\$ -	\$ 639,321	\$ -	\$ 9,373,159
-	-	-	-	-	-	1,836,504
-	-	-	-	53,467	-	53,467
-	12,959	-	-	27,428	-	1,165,967
-	29,695	-	-	1,039	-	36,894
-	-	909,000	-	-	-	3,492,000
-	-	-	-	-	-	5,657
-	-	-	-	-	-	526,011
-	-	-	-	22,309	-	139,175
-	171,661	-	-	-	-	784,793
-	1,173	-	-	-	-	522,271
-	297	-	-	32,491	-	180,014
-	-	-	1,388,941	-	-	1,388,941
-	-	-	33,050,025	-	-	33,050,025
-	-	-	3,195,290	-	-	3,195,290
-	-	-	7,150,788	-	-	7,163,288
-	-	-	448,752	-	-	494,845
-	-	-	-	-	(16,616,644)	(16,616,644)
<u>\$ 1,000,000</u>	<u>\$ 844,386</u>	<u>\$ 1,078,335</u>	<u>\$ 45,233,796</u>	<u>\$ 776,055</u>	<u>\$ (16,616,644)</u>	<u>\$ 46,791,657</u>

**IOWA LAKES COMMUNITY COLLEGE  
COMBINING BALANCE SHEET  
JUNE 30, 2009**

**LIABILITIES AND FUND EQUITY:**

Liabilities:

	Current Funds Unrestricted	Restricted	Loan Funds
Accounts Payable	\$ 241,432	\$ 145,272	\$ -
Salaries and Benefits Payable	564,860	32,778	-
Deferred Compensation	-	-	-
Accrued Interest	5,000	19,628	-
ISCAP Warrants Payable	1,843,000	-	-
Deferred Revenue:			
Succeeding Year Property Tax	909,000	1,674,000	-
Other	611,690	652,654	-
Compensated Absences Payable	90,859	3,345	-
Early Retirement Payable	-	1,014,249	-
Deposits Held in Custody for Others	66,488	-	-
Due to Others	16,453	-	-
Reported and Unreported Insurance Claims Payable	821,209	-	-
Certificates Payable	-	4,150,000	-
Bonds and Other Long-Term Debt	-	-	-
Net OPEB Liability	5,894	-	-
	<hr/>	<hr/>	<hr/>
Total Liabilities	5,175,885	7,691,926	-

Fund Balance:

Invested in Capital Assets, Net of Related Debt	58,593	-	-
Fund Balances:			
Restricted:			
Nonexpendable:			
Scholarships	-	-	-
Expendable:			
Scholarships	-	488,048	-
Loans	-	-	15,046
Debt Service	-	-	-
Cash Reserve	-	286,030	-
Other	-	60,679	-
Unrestricted	1,334,845	-	-
Auxiliary Enterprises	(635,323)	-	-
	<hr/>	<hr/>	<hr/>
Total Fund Balance	758,115	834,757	15,046
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ 5,934,000	\$ 8,526,683	\$ 15,046

**SCHEDULE 1**

Endowment and Similar Funds	Plant Funds			Agency Funds	Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant			
\$ -	\$ -	\$ -	\$ -	\$ 610	\$ -	\$ 387,314
-	-	-	-	-	-	597,638
-	-	-	-	53,467	-	53,467
-	-	14,064	-	-	-	38,692
-	-	-	-	-	-	1,843,000
-	-	909,000	-	-	-	3,492,000
-	-	-	-	2,200	-	1,266,544
-	-	-	-	-	-	94,204
-	-	-	-	-	-	1,014,249
-	-	-	-	719,152	-	785,640
-	-	-	-	626	-	17,079
-	-	-	-	-	-	821,209
-	-	-	-	-	-	4,150,000
-	-	-	4,760,000	-	-	4,760,000
-	-	-	-	-	-	5,894
-	-	923,064	4,760,000	776,055	-	19,326,930
-	-	-	40,473,796	-	(16,616,644)	23,915,745
1,000,000	-	-	-	-	-	1,000,000
-	-	-	-	-	-	488,048
-	-	-	-	-	-	15,046
-	-	155,271	-	-	-	155,271
-	-	-	-	-	-	286,030
-	-	-	-	-	-	60,679
-	844,386	-	-	-	-	2,179,231
-	-	-	-	-	-	(635,323)
1,000,000	844,386	155,271	40,473,796	-	(16,616,644)	27,464,727
<u>\$ 1,000,000</u>	<u>\$ 844,386</u>	<u>\$ 1,078,335</u>	<u>\$ 45,233,796</u>	<u>\$ 776,055</u>	<u>\$ (16,616,644)</u>	<u>\$ 46,791,657</u>



**IOWA LAKES COMMUNITY COLLEGE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>REVENUES AND OTHER ADDITIONS:</b>			
General:			
State Appropriations and Grants	\$ 8,990,802	\$ 879,139	\$ -
Tuition and Fees	9,334,279	-	-
Property Taxes	871,238	1,517,910	-
Federal Appropriations and Grants	454,741	5,506,449	-
Gifts and Grants	-	626,753	-
Interest on Investments	-	119,110	-
Interest on Student Loans	-	-	195
Iowa Industrial New Jobs Training Program	-	728,455	-
Increase in Plant Investments Due to Donated Assets	-	-	-
Expended for Plant Facilities (Including \$652,180 charged to current funds)	-	-	-
Principal Retired	-	-	-
Proceeds from Sale of Bonds	-	-	-
Miscellaneous	2,021,968	429,350	-
	<u>21,673,028</u>	<u>9,807,166</u>	<u>195</u>
Auxiliary Enterprises			
Tuition and Fees	744,946	-	-
Sales and Services	4,327,187	-	-
Interest on Investments	54,785	-	-
Federal Grants and Contracts	39,916	-	-
Miscellaneous	1,166,637	-	-
	<u>6,333,471</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Additions	<u>\$ 28,006,499</u>	<u>\$ 9,807,166</u>	<u>\$ 195</u>

**SCHEDULE 2**

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ 106,496	\$ -	\$ -	\$ -	\$ 9,976,437
-	-	-	-	(3,327,110)	6,007,169
-	490,465	380,773	-	-	3,260,386
-	-	-	-	-	5,961,190
-	25,000	-	-	-	651,753
-	138,644	2,498	-	-	260,252
-	-	-	-	-	195
-	-	-	-	-	728,455
-	-	-	513,300	-	513,300
-	-	-	1,141,795	(1,141,795)	-
-	-	-	755,000	(755,000)	-
-	360,000	-	-	-	360,000
-	-	3,931	-	-	2,455,249
-	1,120,605	387,202	2,410,095	(5,223,905)	30,174,386
-	-	-	-	-	744,946
-	-	-	-	(1,104,511)	3,222,676
-	-	-	-	-	54,785
-	-	-	-	-	39,916
-	-	-	-	(149,604)	1,017,033
-	-	-	-	(1,254,115)	5,079,356
\$ -	\$ 1,120,605	\$ 387,202	\$ 2,410,095	\$ (6,478,020)	\$ 35,253,742

**IOWA LAKES COMMUNITY COLLEGE  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
OTHER CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2009**

	Current Funds		Loan
	Unrestricted	Restricted	Funds
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>			
Educational and Support:			
Liberal Arts and Sciences	\$ 6,287,148	\$ -	\$ -
Vocational Technical	4,279,344	-	-
Adult Education	840,256	-	-
Cooperative Services	1,117,641	445,360	-
Administration	1,028,973	1,520,205	-
Student Services	1,733,461	-	-
Learning Resources	1,371,155	-	-
Physical Plant	2,025,334	195,067	-
General Institution	2,689,976	2,857,904	-
Total Education and Support	21,373,288	5,018,536	-
Auxiliary Enterprises	5,167,318	-	-
Scholarships and Grants	-	4,763,194	-
Administration and Collection Costs	-	-	2,164
Plant Asset Acquisitions	-	-	-
Retirement of Indebtedness	-	-	-
Disposal of Plant Assets	-	-	-
Loss on Sale of Capital Assets	-	-	-
Interest on Indebtedness	-	283,095	-
Issuance of Long-Term Debt	-	-	-
Depreciation	-	-	-
Total Expenditures and Other Deductions	26,540,606	10,064,825	2,164
Excess (Deficiency) of Revenues and Other Additions			
Over (Under) Expenditures and Other Deductions	1,465,893	(257,659)	(1,969)
<b>TRANSFERS:</b>			
Mandatory Transfers	(408,939)	(108,855)	-
Non-mandatory Transfers	(866,400)	26,386	-
Total Transfers	(1,275,339)	(82,469)	-
Net Increase (Decrease) for the Year	190,554	(340,128)	(1,969)
Fund Balance - June 30, 2008	567,561	1,174,885	17,015
Fund Balance - June 30, 2009	\$ 758,115	\$ 834,757	\$ 15,046

**SCHEDULE 2**

Endowment and Similar Funds	Plant Funds			Adjustments	Total
	Unexpended	Retirement of Indebtedness	Investment In Plant		
\$ -	\$ -	\$ -	\$ -	\$ (34,451)	\$ 6,252,697
-	-	-	-	(159,899)	4,119,445
-	-	-	-	(26,997)	813,259
-	-	-	-	(5,100)	1,557,901
-	-	-	-	(1,192)	2,547,986
-	-	-	-	(57,062)	1,676,399
-	-	-	-	(11,802)	1,359,353
-	-	-	-	(574,747)	1,645,654
	960,748	-	-	(37,143)	6,471,485
-	960,748	-	-	(908,393)	26,444,179
-	-	-	-	(243,651)	4,923,667
-	-	-	-	(4,158,126)	605,068
-	-	408	-	-	2,572
-	452,850	-	-	(452,850)	-
-	-	715,000	-	(715,000)	-
-	-	-	16,349	(16,349)	-
-	-	-	-	4,905	4,905
-	-	184,122	-	-	467,217
-	-	-	360,000	-	360,000
-	-	-	-	1,460,305	1,460,305
-	1,413,598	899,530	376,349	(5,029,159)	34,267,913
-	(292,993)	(512,328)	2,033,746	(1,448,861)	985,829
-	-	517,794	-	-	-
-	840,014	-	-	-	-
-	840,014	517,794	-	-	-
-	547,021	5,466	2,033,746	(1,448,861)	985,829
1,000,000	297,365	149,805	38,440,050	(15,167,783)	26,478,898
<u>\$ 1,000,000</u>	<u>\$ 844,386</u>	<u>\$ 155,271</u>	<u>\$ 40,473,796</u>	<u>\$ (16,616,644)</u>	<u>\$ 27,464,727</u>

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
YEAR ENDED JUNE 30, 2009**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
<b>REVENUES:</b>				
State Appropriations and Grants	\$ -	\$ -	\$ -	\$ -
Tuition and Fees	5,537,737	2,301,422	508,494	659,124
Property Taxes	-	-	-	-
Federal Grants and Contracts	-	266,490	102,093	-
Miscellaneous	1,269,985	40,511	22,507	24,361
	<u>6,807,722</u>	<u>2,608,423</u>	<u>633,094</u>	<u>683,485</u>
Allocation of Support Services	5,535,794	4,769,973	634,538	-
	<u>12,343,516</u>	<u>7,378,396</u>	<u>1,267,632</u>	<u>683,485</u>
<b>Total Revenues</b>				
	12,343,516	7,378,396	1,267,632	683,485
<b>EXPENDITURES:</b>				
Salaries and Benefits	4,955,159	3,847,240	636,140	1,059,210
Services	1,227,429	113,872	139,654	11,563
Materials and Supplies	56,979	168,074	41,124	12,918
Travel	47,581	105,488	15,282	7,243
Expended for Plant Facilities	-	31,528	-	-
Miscellaneous	-	13,142	8,056	26,707
	<u>6,287,148</u>	<u>4,279,344</u>	<u>840,256</u>	<u>1,117,641</u>
Allocation of Support Services	4,477,543	3,858,120	513,236	-
	<u>10,764,691</u>	<u>8,137,464</u>	<u>1,353,492</u>	<u>1,117,641</u>
<b>Total Expenditures</b>				
	10,764,691	8,137,464	1,353,492	1,117,641
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,578,825	(759,068)	(85,861)	(434,156)
<b>TRANSFERS:</b>				
Non-mandatory Transfers	-	(131)	130,000	75,000
	<u>-</u>	<u>(131)</u>	<u>130,000</u>	<u>75,000</u>
<b>Total Transfers</b>				
	-	(131)	130,000	75,000
<b>Net Increase (Decrease) for the Year</b>	<u>\$ 1,578,825</u>	<u>\$ (759,199)</u>	<u>\$ 44,139</u>	<u>\$ (359,156)</u>

Note: The support services allocations are based on the percentage of contact hours reported.

**SCHEDULE 3**

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Support Total
\$ -	\$ -	\$ 310	\$ -	\$ 8,990,492	\$ 8,990,802
-	-	155	-	327,347	9,334,279
-	-	-	-	871,238	871,238
-	-	-	-	86,158	454,741
136	150	5,457	42,427	616,434	2,021,968
136	150	5,922	42,427	10,891,669	21,673,028
(136)	(150)	(5,922)	(42,427)	(10,891,669)	-
-	-	-	-	-	21,673,028
929,201	1,507,442	1,073,634	1,170,049	1,660,790	16,838,865
49,632	125,967	91,889	266,910	920,534	2,947,450
7,855	29,868	189,319	138,338	27,153	671,628
42,285	70,184	7,638	26,713	33,185	355,599
-	-	8,675	421,142	-	461,345
-	-	-	2,182	48,314	98,401
1,028,973	1,733,461	1,371,155	2,025,334	2,689,976	21,373,288
(1,028,973)	(1,733,461)	(1,371,155)	(2,025,334)	(2,689,976)	-
-	-	-	-	-	21,373,288
-	-	-	-	-	299,740
15,000	-	(60,000)	-	(649,899)	(490,030)
15,000	-	(60,000)	-	(649,899)	(490,030)
\$ 15,000	\$ -	\$ (60,000)	\$ -	\$ (649,899)	(190,290)
Fund Balance June 30, 2008					1,525,135
Fund Balance June 30, 2009					\$ 1,334,845

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
YEAR ENDED JUNE 30, 2009**

	Bookstore	Food Services	Wellness Center	Farm	Athletics	Residence Halls
<b>REVENUES:</b>						
Sales and Services	\$ 1,614,187	\$ 984,426	\$ 125,721	\$ 183,848	\$ -	\$ 941,702
Interest on Investments	-	-	48,762	-	69	-
Tuition and Fees	-	-	10,461	20,508	25,345	-
Federal Grants and Contracts	-	3,308	9,021	6,670	-	-
Miscellaneous	-	31,534	112,424	2,171	76,028	27,109
Total Revenues	1,614,187	1,019,268	306,389	213,197	101,442	968,811
<b>EXPENDITURES:</b>						
Salaries and Benefits	191,327	491,150	226,594	2,906	730	226,478
Services	57,747	18,035	8,716	127,416	56,788	133,460
Materials and Supplies	1,004	27,385	19,688	118,112	121,559	37,768
Travel	2,502	3,264	1,865	6,997	173,514	25
Expended for Plant Facilities	-	-	-	-	43,920	23,988
Cost of Goods Sold	1,214,432	319,069	2,470	(3,122)	16,425	-
Miscellaneous	-	-	-	-	-	-
Total Expenditures	1,467,012	858,903	259,333	252,309	412,936	421,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	147,175	160,365	47,056	(39,112)	(311,494)	547,092
<b>TRANSFERS:</b>						
Mandatory Transfers	-	-	-	-	-	(378,457)
Non-mandatory Transfers	(2,111)	-	(50,138)	1,940	311,742	(456,818)
Total Transfers	(2,111)	-	(50,138)	1,940	311,742	(835,275)
Net Increase (Decrease) for the Year	145,064	160,365	(3,082)	(37,172)	248	(288,183)
Fund Balance (Deficit) June 30, 2008	(63,432)	178,184	15,909	(34,985)	7,522	(585,160)
Fund Balance (Deficit) June 30, 2009	\$ 81,632	\$ 338,549	\$ 12,827	\$ (72,157)	\$ 7,770	\$ (873,343)

**SCHEDULE 4**

Aviation	Parts	Printing	Vehicles	Wind Turbine	Gateway North	Miscellaneous	Total
\$ -	\$ 173,256	\$ 104,209	\$ -	\$ -	\$ 176,920	\$ 22,918	\$ 4,327,187
-	-	-	-	-	1,960	3,994	54,785
184,672	-	-	-	28,744	-	475,216	744,946
-	-	-	-	20,917	-	-	39,916
3,315	25,687	4,289	158,803	189,783	428,490	107,004	1,166,637
187,987	198,943	108,498	158,803	239,444	607,370	609,132	6,333,471
33,746	66,271	60,325	-	-	36,148	8,464	1,344,139
3,931	3,676	10	240	18,499	354,376	169,697	952,591
98,705	(32,486)	43,257	56,177	36,947	6,492	152,302	686,910
95	938	-	9,807	-	1,367	15,376	215,750
-	-	-	19,800	-	-	5,777	93,485
-	172,527	15,636	-	-	-	755	1,738,192
-	-	-	-	-	136,251	-	136,251
136,477	210,926	119,228	86,024	55,446	534,634	352,371	5,167,318
51,510	(11,983)	(10,730)	72,779	183,998	72,736	256,761	1,166,153
(30,482)	-	-	-	-	-	-	(408,939)
-	9,664	(35,242)	-	(4,260)	-	(151,147)	(376,370)
(30,482)	9,664	(35,242)	-	(4,260)	-	(151,147)	(785,309)
21,028	(2,319)	(45,972)	72,779	179,738	72,736	105,614	380,844
(187,130)	(4,877)	(209,370)	19,419	(726,140)	120,939	511,547	(957,574)
<u>\$ (166,102)</u>	<u>\$ (7,196)</u>	<u>\$ (255,342)</u>	<u>\$ 92,198</u>	<u>\$ (546,402)</u>	<u>\$ 193,675</u>	<u>\$ 617,161</u>	<u>\$ (576,730)</u>



**IOWA LAKES COMMUNITY COLLEGE  
CURRENT RESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2009**

	Scholarships and Grants	Equipment Replacement
<b>REVENUES:</b>		
State Appropriations	\$ 313,367	\$ -
Property Taxes	-	386,724
Federal Appropriations and Grants	3,371,125	-
Scholarships, Grants, and Gifts	529,123	-
Interest on Investments	22,876	-
Iowa Industrial New Jobs Training Program	-	-
Miscellaneous	223,851	-
	<hr/>	<hr/>
Total Revenues and Other Additions	4,460,342	386,724
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>		
Salaries and Benefits	-	-
Services	-	-
Materials and Supplies	-	159,736
Travel	-	-
Expended for Plant Facilities	-	35,331
Interest on Indebtedness	-	-
Federal Pell Grant Program	3,188,081	-
Federal Supplemental Educational Opportunity Grant	95,585	-
Iowa College Student Aid Commission	150,858	-
Private Scholarships	1,328,670	-
	<hr/>	<hr/>
Total Expenditures and Other Deductions	4,763,194	195,067
Excess (Deficiency) of Revenues and Other Additions Over (Under) Expenditures and Other Deductions	(302,852)	191,657
<b>TRANSFERS:</b>		
Mandatory Transfers	-	(108,855)
Non-mandatory Transfers	255,727	-
Total Transfers	<hr/> 255,727 <hr/>	<hr/> (108,855) <hr/>
Net Increase (Decrease) for the Year	(47,125)	82,802
Fund Balance (Deficit) June 30, 2008	<hr/> 535,173 <hr/>	<hr/> 147,407 <hr/>
Fund Balance (Deficit) June 30, 2009	<hr/> \$ 488,048 <hr/>	<hr/> \$ 230,209 <hr/>

SCHEDULE 5

Insurance	Unemployment Compensation	Early Retirement	Cash Reserve	Iowa Industrial New Jobs Training Program	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 565,772	\$ 879,139
911,710	19,814	199,662	-	-	-	1,517,910
-	-	-	-	-	2,135,324	5,506,449
-	-	-	-	-	97,630	626,753
-	-	-	-	-	96,234	119,110
-	-	-	-	728,455	-	728,455
33,641	-	-	-	-	171,858	429,350
945,351	19,814	199,662	-	728,455	3,066,818	9,807,166
106,409	8,971	621,305	-	-	1,415,898	2,152,583
783,520	-	-	-	445,360	530,063	1,758,943
-	-	-	-	-	536,576	696,312
-	-	-	-	-	172,506	172,506
-	-	-	-	-	98,784	134,115
-	-	-	-	283,095	-	283,095
-	-	-	-	-	-	3,188,081
-	-	-	-	-	-	95,585
-	-	-	-	-	-	150,858
-	-	-	-	-	104,077	1,432,747
889,929	8,971	621,305	-	728,455	2,857,904	10,064,825
55,422	10,843	(421,643)	-	-	208,914	(257,659)
-	-	-	-	-	-	(108,855)
-	-	-	-	-	(229,341)	26,386
-	-	-	-	-	(229,341)	(82,469)
55,422	10,843	(421,643)	-	-	(20,427)	(340,128)
120,831	(9,627)	(569,392)	286,030	-	664,463	1,174,885
\$ 176,253	\$ 1,216	\$ (991,035)	\$ 286,030	\$ -	\$ 644,036	\$ 834,757

**IOWA LAKES COMMUNITY COLLEGE  
AGENCY FUNDS  
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
YEAR ENDED JUNE 30, 2009**

	Iowa Small Business New Jobs Training Program	Student Organizations	Emmetsburg Scholarship Fund	ACCES
Balance June 30, 2008	<u>\$ 32,162</u>	<u>\$ 170,644</u>	<u>\$ 283,582</u>	<u>\$ 143,052</u>
<b>ADDITIONS:</b>				
State Appropriations and Grants	160,802	-	-	-
Tuition and Fees	-	64,651	-	-
Interest on Investments	-	1	7,270	-
Miscellaneous	<u>-</u>	<u>124,878</u>	<u>52,317</u>	<u>1,568,787</u>
Total Additions	<u>160,802</u>	<u>189,530</u>	<u>59,587</u>	<u>1,568,787</u>
<b>DEDUCTIONS:</b>				
Salaries and Benefits	-	6,667	-	-
Services	135,330	53,916	1,352	972,370
Materials and Supplies	-	24,920	36	-
Travel	-	79,791	-	-
Cost of Sales	-	14,048	-	-
Miscellaneous	<u>29,877</u>	<u>100</u>	<u>50,987</u>	<u>576,241</u>
Total Deductions	<u>165,207</u>	<u>179,442</u>	<u>52,375</u>	<u>1,548,611</u>
Balance June 30, 2009	<u><u>\$ 27,757</u></u>	<u><u>\$ 180,732</u></u>	<u><u>\$ 290,794</u></u>	<u><u>\$ 163,228</u></u>

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Miscellaneous	Total
<u>\$ 95,195</u>	<u>\$ 724,635</u>
-	160,802
180	64,831
630	7,901
<u>116,025</u>	<u>1,862,007</u>
<u>116,835</u>	<u>2,095,541</u>
-	6,667
81,610	1,244,578
15,670	40,626
57,881	137,672
-	14,048
<u>228</u>	<u>657,433</u>
<u>155,389</u>	<u>2,101,024</u>
<u>\$ 56,641</u>	<u>\$ 719,152</u>

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
IOWA INDUSTRIAL NEW JOBS TRAINING PROGRAM  
YEAR ENDED JUNE 30, 2009**

Project Name	Project Costs			
	Training and Wages	Administration	Legal and Issue Costs	Subtotal
GKN/Armstrong RW III	\$ -	\$ -	\$ -	\$ -
Perry Judd Corp.	-	-	-	-
Skyjack Manufacturing VII	-	-	-	-
Polaris Industries, LP V	-	-	-	-
Eaton Corp.	-	-	-	-
Marketlink I	-	-	-	-
Rosenboom Machinery	-	-	500	500
Outdoor Technology II	-	-	-	-
Institutional Equipment	-	-	-	-
Veridian Limited	-	-	-	-
GKN Armstrong	-	-	-	-
Eaton Corp. II	-	-	-	-
Rosenboom Machinery	-	-	350	350
Pure Fishing	-	-	-	-
Pharmacists Mutual	-	-	-	-
Midwest Grain Processors	-	-	350	350
GKN Armstrong	-	-	-	-
AFECO, Inc.	-	-	-	-
KLM Acquisition Corp.	-	-	-	-
Merkel Fruedenburg	-	-	-	-
Polaris VI	-	-	-	-
Pure Fishing	-	-	350	350
Quality Processing	-	-	700	700
Shine Brothers	-	-	-	-
Country Maid Inc	-	-	-	-
Pharmacists Mutual II	-	-	-	-
GKN Armstrong V	-	-	-	-
Pure Fishing V	-	-	-	-
Voyager Ethanol	7,398	-	350	7,748
GKN Armstrong VI	-	-	-	-
Hydrogen Engine	24,983	-	-	24,983
KLM Acquisition Corp.	41,500	-	-	41,500
Pharmacist Mutual III	-	-	-	-
Pure Fishing VI	1,001	-	350	1,351
East Fork Biodiesel	1,350	-	308	1,658
Easy Energy Systems	6,952	-	263	7,215
Eaton Corp II	1,411	-	763	2,174
Pharmacists Mutual IV	22,861	-	157	23,018
Snap On Logistics Comp	-	-	196	196
Superior Ethanol	-	-	308	308
Shine Brothers II	30,064	450	14,371	44,885
Art's Way	-	750	23,951	24,701
Farmers Coop	3,200	2,800	89,919	95,919
GKN Armstrong	93,350	1,400	44,709	139,459
Voyager Ethanol	-	850	27,145	27,995
Total	\$ 234,070	\$ 6,250	\$ 205,040	\$ 445,360

**SCHEDULE 7**

Retirement Costs						
Debt	Interest	Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Budgeted Expenditures	Total Budgeted Expenditures	Budget
\$ 15,000	\$ 984	\$ 15,984	\$ 15,984	\$ 105,629	\$ 105,629	\$ 120,000
10,000	655	10,655	10,655	58,142	58,142	75,000
25,000	1,639	26,639	26,639	98,314	98,314	205,000
10,000	655	10,655	10,655	47,365	47,365	75,000
60,000	3,933	63,933	63,933	267,084	267,084	435,000
10,000	655	10,655	10,655	56,660	56,660	65,000
80,000	5,243	85,743	85,243	196,138	196,638	580,000
15,000	984	15,984	15,984	24,418	24,418	100,000
10,000	1,471	11,471	11,471	49,260	49,260	75,000
15,000	2,207	17,207	17,207	49,356	49,356	105,000
20,000	2,943	22,943	22,943	350	350	140,000
25,000	4,063	29,063	29,063	-	-	205,000
25,000	4,063	29,413	29,063	92,714	93,064	215,000
25,000	3,679	28,679	28,679	124,792	124,792	190,000
10,000	3,648	13,648	13,648	118,853	118,853	120,000
20,000	6,624	26,974	26,624	225,299	225,649	225,000
20,000	5,947	25,947	25,947	198,087	198,087	200,000
15,000	4,292	19,292	19,292	74,261	74,261	130,000
5,000	2,636	7,636	7,636	76,912	76,912	80,000
20,000	6,065	26,065	26,065	146,804	146,804	190,000
50,000	15,921	65,921	65,921	489,005	489,005	485,000
10,000	3,496	13,846	13,496	104,522	104,872	105,000
35,000	13,748	49,448	48,748	365,441	366,141	365,000
10,000	3,330	13,330	13,330	85,350	85,350	85,000
5,000	1,534	6,534	6,534	44,856	44,856	45,000
15,000	4,727	19,727	19,727	126,121	126,121	130,000
15,000	5,509	20,509	20,509	151,505	151,505	155,000
20,000	6,751	26,751	26,751	194,376	194,376	195,000
20,000	6,773	34,521	26,773	148,309	156,057	190,000
15,000	5,585	20,585	20,585	143,342	143,342	145,000
15,000	6,615	46,598	21,615	123,213	148,196	160,000
25,000	10,698	77,198	35,698	165,521	207,021	290,000
15,000	7,663	22,663	22,663	202,695	202,695	205,000
35,000	16,063	52,414	51,063	445,046	446,397	450,000
35,000	15,803	52,461	50,803	96,797	98,455	275,000
25,000	13,560	45,775	38,560	123,348	130,563	235,000
45,000	18,632	65,806	63,632	323,115	325,289	325,000
15,000	8,067	46,085	23,067	65,800	88,818	140,000
25,000	10,002	35,198	35,002	56,011	56,207	175,000
30,000	15,853	46,161	45,853	88,020	88,328	275,000
-	2,194	47,079	2,194	-	44,885	45,000
-	3,677	28,378	3,677	-	24,701	75,000
-	13,635	109,554	13,635	-	95,919	280,000
-	6,695	146,154	6,695	-	139,459	140,000
-	4,181	32,176	4,181	-	27,995	85,000
<u>\$ 895,000</u>	<u>\$ 283,098</u>	<u>\$ 1,623,458</u>	<u>\$ 1,178,098</u>	<u>\$ 5,552,831</u>	<u>\$ 5,998,191</u>	<u>\$ 8,585,000</u>

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES COMPARED TO BUDGET  
IOWA JOBS TRAINING PROGRAM  
YEAR ENDED JUNE 30, 2009**

Project Name	Project Costs			Subtotal
	Training and Wages	Administration	Legal and Issue Costs	
Prior Year Projects				
Arts Way Manufacturing Co. Inc.	\$ 20,500	\$ 4,500	\$ -	\$ 25,000
Sbemco International, Inc.	10,000	2,000		12,000
Current Year Projects				
Cycle Country Accessories Corporation	15,376	3,300	-	18,676
Medieval Glass Industries	20,500	4,500	-	25,000
Holiday Express Corporation	10,000	2,000	-	12,000
Klaussner Corporate Services	12,000	2,324	-	14,324
Metal Works, Inc.	10,000	2,000	-	12,000
General Machine Works	10,000	2,000	-	12,000
All Star Pro Golf	12,849	2,800	-	15,649
Stueve Construction Company	8,200	1,800	-	10,000
Pure Fishing/Jarden Corporation	20,500	4,500	-	25,000
Brown Medical Industries	13,500	2,653	-	16,153
Total	<u>\$ 163,425</u>	<u>\$ 34,377</u>	<u>\$ -</u>	<u>\$ 197,802</u>

**SCHEDULE 8**

Retirement Costs		Total Current Year Expenditures	Less: Non- Budgeted Expenditures	Cumulative Prior Period Expenditures	Total Current Budgeted Expenditures	Budget
Debt	Interest					
\$ -	\$ -	\$ 25,000	\$ -	\$ -	\$ -	\$ 25,000
-	-	2,405	-	4,838	-	12,000
					-	
-	-	18,676	-	-	18,676	18,676
-	-	25,000	-	-	25,000	25,000
-	-	12,000	-	-	12,000	12,000
-	-	14,324	-	-	14,324	14,324
-	-	12,000	-	-	12,000	12,000
-	-	12,000	-	-	12,000	12,000
-	-	15,649	-	-	15,649	15,649
-	-	10,000	-	-	10,000	10,000
-	-	-	-	-	25,000	25,000
-	-	16,153	-	-	16,153	16,153
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,207</u>	<u>\$ -</u>	<u>\$ 4,838</u>	<u>\$ 160,802</u>	<u>\$ 197,802</u>



**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
YEAR ENDED JUNE 30, 2009**

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	40,733	-	40,733			
Career Tech	31,089	-	31,089			
Non-Credit	-	-	-	93,215	6,068	99,283
Total	<u>71,822</u>	<u>-</u>	<u>71,822</u>	<u>93,215</u>	<u>6,068</u>	<u>99,283</u>

**IOWA LAKES COMMUNITY COLLEGE  
COMPARISON OF TAXES AND INTERGOVERNMENTAL REVENUES  
LAST SEVEN YEARS**

	Years Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Local (Property Tax)	\$ 3,260,386	\$ 2,862,695	\$ 3,206,033	\$ 2,716,060	\$ 2,466,198	\$ 2,710,785	\$ 2,727,153
State	9,976,437	10,485,952	9,452,328	8,866,106	8,179,334	7,783,155	7,521,236
Federal	<u>6,001,106</u>	<u>5,233,664</u>	<u>5,085,049</u>	<u>5,765,613</u>	<u>5,180,070</u>	<u>4,831,481</u>	<u>4,468,804</u>
Total	<u>\$19,237,929</u>	<u>\$18,582,311</u>	<u>\$17,743,410</u>	<u>\$17,347,779</u>	<u>\$15,825,602</u>	<u>\$15,325,421</u>	<u>\$14,717,193</u>

**IOWA LAKES COMMUNITY COLLEGE  
CURRENT FUND (UNRESTRICTED AND RESTRICTED) REVENUES BY SOURCE  
LAST SEVEN YEARS**

	Years Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
State Appropriations	\$ 9,869,941	\$ 9,474,935	\$ 8,732,997	\$ 8,395,040	\$ 8,179,334	\$ 7,590,848	\$ 7,521,236
Tuition and Fees	10,079,225	9,225,858	9,217,809	8,560,998	8,765,233	8,369,925	7,439,641
Property Tax	2,389,148	2,080,414	2,426,144	2,009,864	1,772,283	1,967,436	2,010,311
Federal Appropriations	6,001,106	5,233,664	5,085,049	5,765,613	5,180,070	4,831,481	4,440,732
Interest on Investments	173,895	356,159	379,505	321,253	219,453	146,656	161,314
Iowa Industrial New Jobs Training Program	728,455	1,306,979	609,046	1,386,733	1,186,301	982,804	632,145
Auxiliary Enterprises	5,493,824	5,281,500	5,254,383	4,726,313	4,263,240	3,551,441	3,347,077
Miscellaneous	<u>3,078,071</u>	<u>2,974,402</u>	<u>2,836,702</u>	<u>2,685,777</u>	<u>2,468,845</u>	<u>2,188,361</u>	<u>1,560,415</u>
Total	<u>\$ 37,813,665</u>	<u>\$ 35,933,911</u>	<u>\$ 34,541,635</u>	<u>\$ 33,851,591</u>	<u>\$ 32,034,759</u>	<u>\$ 29,628,952</u>	<u>\$ 27,112,871</u>

**IOWA LAKES COMMUNITY COLLEGE**  
**CURRENT FUND (UNRESTRICTED AND RESTRICTED) EXPENDITURES BY FUNCTION**  
**LAST SEVEN YEARS**

	Years Ended June 30,						
	2009	2008	2007	2006	2005	2004	2003
Liberal Arts and Sciences	\$ 6,287,148	\$ 6,218,529	\$ 5,854,390	\$ 5,557,072	\$ 5,281,128	\$ 4,879,702	\$ 4,345,474
Vocational Technical	4,279,344	4,222,452	3,961,474	3,594,393	3,464,605	2,963,652	2,589,557
Adult Education	840,256	835,182	786,093	814,965	812,132	783,479	748,170
Cooperative Services	1,117,641	1,078,981	1,029,777	1,218,726	1,341,078	1,290,784	1,198,384
Administration	1,028,973	998,320	907,986	913,293	853,202	786,789	754,271
Student Services	1,733,461	1,609,283	1,410,637	1,343,883	1,231,922	1,207,807	1,153,824
Learning Resources	1,371,155	1,439,011	1,355,360	1,001,229	906,724	848,195	785,617
Physical Plant	2,025,334	1,680,835	1,616,294	1,530,164	1,574,406	2,015,411	1,771,813
General Institution	2,689,976	2,226,137	2,329,662	2,177,966	2,767,784	2,039,440	2,141,051
Auxiliary Enterprises	5,167,318	5,204,675	5,232,653	4,832,100	6,329,189	3,648,457	3,344,599
Scholarships and Grants	4,763,194	4,192,721	3,941,496	3,720,692	3,973,499	3,878,501	3,231,699
Equipment Replacement	195,067	152,835	224,088	204,927	116,123	173,185	120,244
Insurance	889,929	914,852	860,579	993,375	840,352	845,122	750,587
Unemployment Compensation	8,971	20,054	10,891	9,028	2,571	788	20,702
Iowa Industrial New Jobs Training Program	445,360	1,021,927	353,576	1,107,391	850,502	805,468	408,538
Miscellaneous	3,479,209	3,078,171	2,298,495	2,962,567	2,022,790	2,074,821	1,827,274
Interest on Indebtness	283,095	285,052	255,470	280,091	274,346	272,042	245,772
Total	<u>\$36,605,431</u>	<u>\$35,179,017</u>	<u>\$32,428,921</u>	<u>\$32,261,862</u>	<u>\$32,642,353</u>	<u>\$28,513,643</u>	<u>\$25,437,576</u>

**IOWA LAKES COMMUNITY COLLEGE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2009**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>DIRECT:</b>			
U.S. Department of Agriculture:			
Production Flexibility Payments	10.055	\$ 6,670	\$ -
Total Direct - U.S. Department of Agriculture		6,670	-
U. S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	95,585	-
Federal Family Education Loans	84.032	-	8,126,580
Federal Work-Study Program (FWS)	84.033	98,487	-
Federal Pell Grant Program	84.063	3,188,081	-
Academic Competitiveness Grant	84.375	34,950	-
Total Student Financial Aid Cluster		3,417,103	8,126,580
Title III – Higher Education Institutional Aid	84.031A	231,919	-
Fund for the Improvement of Postsecondary Education	84.116Z	238,755	-
TRIO - Cluster:			
Student Supported Services – Aspires	84.042A	267,407	-
Talent Search	84.044	377,084	-
Upward Bound	84.047	330,472	-
Total TRIO Cluster		974,963	-
Total Direct U.S. Department of Education		4,862,740	-
Corporation for National and Community Services:			
Retired Senior Volunteer Program	94.002	103,651	-
National Science Foundation - Education & Human Resources	47.076	341,844	-
U.S. Department of Energy - Renewable Energy Research & Development	81.087	20,917	-
Total Direct Expenditures		5,335,822	8,126,580
<b>INDIRECT:</b>			
Small Business Administration:			
Indirect Through Iowa State University:			
Small Business Development Center	59.037	114,340	-
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
Adult Education - State Grant Program	84.002	102,093	-
Vocational Education - Basic Grants to States, Title II-C,			
Carl Perkins III	84.048	325,119	-
Tech Prep - Perkins Vocational Aid	84.243	71,771	-
		498,983	-
U.S. Department of Agriculture:			
Indirect Through Iowa Department of Nutrition:			
Child Nutrition Admin, Milk & SFSP	10.556	7,956	-
U.S. Department of Labor:			
Indirect Through Iowa Workforce Development:			
Workforce Investment Act (WIA):			
WIA Dislocated Workers	17.260	55,489	-
Family Literacy Grant	17.267	34,927	-
		90,416	-
Total Indirect Expenditures		711,695	-
Total Direct and Indirect Expenditures		\$ 6,047,517	\$ 8,126,580

**IOWA LAKES COMMUNITY COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2009**

**Note 1 -- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Iowa Lakes Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

**Note 2 -- LOANS OUTSTANDING**

Although no new Nursing Student Loan advances occurred during the year ended June 30, 2009, the following loan balances were outstanding at June 30, 2009:

<u>Program</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
Nursing Student Loans	93.364	\$ 5,657

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

We have audited the basic financial statements of Iowa Lakes Community College, Estherville, Iowa, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 11, 2010. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Iowa Lakes Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Iowa Lakes Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Community College's financial statements that is more than inconsequential will not be prevented or detected by the Community College's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Community College's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe items II-A-09 and II-B-09 are material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Iowa Lakes Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government*  
203 North Grand Avenue P.O. Box 908 Spencer, Iowa 51301-0908  
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*Auditing Standards.*

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Iowa Lakes Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the College's responses, we did not audit the Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Iowa Lakes Community College and other parties to whom Iowa Lakes Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Iowa Lakes Community College during the course of our audit. Should you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 11, 2010

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Iowa Lakes Community College  
Estherville, Iowa

**Compliance**

We have audited the compliance of Iowa Lakes Community College, Estherville, IA, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Iowa Lakes Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Iowa Lakes Community College's management. Our responsibility is to express an opinion on Iowa Lakes Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Lakes Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Lakes Community College's compliance with those requirements.

In our opinion, Iowa Lakes Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2009.

**Internal Control Over Compliance**

The management of Iowa Lakes Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Iowa Lakes Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Iowa Lakes Community College's internal control over compliance.

Our consideration of the internal control over compliance was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in the Community College's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A control deficiency in the Community College's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community College's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or

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detected by the Community College's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-09 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Community College's internal control.

Iowa Lakes Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusion on the College's responses, we did not audit the Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of Iowa Lakes Community College and other parties to whom Iowa Lakes Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
February 11, 2010

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**PART I – SUMMARY OF AUDITORS' RESULTS**

- (A) An unqualified opinion was issued on the financial statements.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
  - Student Financial Aid Cluster:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
    - CFDA Number 84.032 – Federal Family Education Loans
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.375 – Academic Competitiveness Grant
  - Trio - Cluster:
    - CFDA Number 84.042A – Student Supported Services – Aspires
    - CFDA Number 84.044 – Talent Search
    - CFDA Number 84.047 – Upward Bound
  - Other Major Program:
    - CFDA Number 47.076 – National Science Foundation
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Iowa Lakes Community College qualified as a low-risk auditee.

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**SIGNIFICANT DEFICIENCIES:**

**II-A-09 Financial Reporting** – During the audit we identified immaterial amounts of receivables, investments, inventory, payables, prior year's debt issuance costs, agency fund balance and revenues; and material amounts of fixed assets, not recorded properly in the College's financial statements. We also recorded immaterial adjustments to the agency fund balance accounts.

**Recommendation** – The College should implement procedures to ensure all receivables, investments, inventory, payables, prior year's debt issuance costs, revenues, and fixed assets are properly identified, classified, and included in the College's financial statements.

**Response** – We will revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

**Conclusion** - Response accepted.

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

**SIGNIFICANT DEFICIENCIES:**

II-B-09 Financial Reporting – During the audit we identified inconsistencies related to the recording of donations and donated assets between the College and its related foundations.

Recommendation – The College should implement procedures to ensure all donations and donated are properly identified, classified, and included in the College's financial statements.

Response – We will revise our current procedures to ensure the donations and donated assets are recorded properly in the financial statements in the future.

Conclusion - Response accepted.

II-C-09 Financial Reporting – During the audit we identified improper recording of an asset trade.

Recommendation – The College should implement procedures to ensure all asset trades are being properly reflected in the College's financial statements.

Response – We will implement procedures to ensure all asset trades are recorded properly in the financial statements in the future.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**SIGNIFICANT DEFICIENCIES:**

**CFDA Number 84.042A – Student Supported Services – Aspires**  
**CFDA Number 84.044 – Talent Search**  
**CFDA Number 84.047 – Upward Bound**

III-A-09 Payroll Expense – During our testing of payroll expenses, we identified a timesheet that was added incorrectly and payroll expenses were understated due to this error.

Recommendation – The College should revise procedures to ensure all expenses are being calculated and recorded properly.

Response – We will review our current procedures to ensure all payroll expenses are calculated and recorded properly in the future.

Conclusion - Response accepted.

**INSTANCES OF NON-COMPLIANCE:** No matters were reported.

**IOWA LAKES COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2009**

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

- IV-A-09: Certified Budget – Expenditures for the year ended June 30, 2009, did not exceed the amounts budgeted.
- IV-B-09: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-09: Travel Expense – No expenditures of Iowa Lakes Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-09: Business Transactions – No business transactions between the Community College and the Community College officials or employees were noted.
- IV-E-09: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-09: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-09: Publication – The Community College had not published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, by the second week in August, as required by Section 260C.14(12) of the Code of Iowa.
- Recommendation – The Community College should make an effort to timely publish the summarized statement of receipts and disbursements for all funds.
- Response – In the future, the summarized statement of receipts and disbursements for all funds will be published in a timely manner.
- Conclusion – Response accepted.
- IV-H-09: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
- IV-I-09: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College.

**IOWA LAKES COMMUNITY COLLEGE  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
JUNE 30, 2009**

Department of Education:

Iowa Lakes Community College, respectfully submits the following corrective action plan for the year ended June 30, 2009.

The audit was performed by Williams & Company, P.C., P.O. Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2009.

The finding from the June 30, 2009 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Part I of the schedule, Summary of Independent Auditor's Results, does include a finding and is not addressed.

The audit disclosed a significant deficiency as identified in Part III of the accompanying Schedule of Findings and Questioned Costs.

**SIGNIFICANT DEFICIENCY:**

III-A-09 – Payroll Expense – Student Supported Services - Aspires CFDA #84.042A – Talent Search CFDA #84.044 – Upward Bound CFDA #84.047

Recommendation – The College should revise procedures to ensure all expenses are being calculated and recorded properly.

Response – We will review our current procedures to ensure all payroll expenses are calculated and recorded properly in the future.

Conclusion - Response accepted.

If the Department of Education has questions regarding this plan, please call Valerie Newhouse at 712-362-0434.

Sincerely yours,

IOWA LAKES COMMUNITY COLLEGE



Valerie Newhouse, President